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From the Contents:

THE CONGO CRISIS

N. Opačić

G. A. T. T. FACES NEW TASKS

N. Popović

THE LEGAL ASPECT OF CO-EXISTENCE

M. Bartoš

PROBLEMS OF SOUTH ASIA

A. Bebler

GENERAL DE GAULLE'S EUROPEAN IDEAS

L. Erven

INCREASED EXCHANGE OF GOODS BETWEEN EAST AND WEST

Lj. Adamović

DEVELOPMENT OF CREDIT POLICY AND BANKING ORGANIZATION

Z. Polić

EXCERPTS FROM PRESIDENT TITO'S STATEMENT

POLITICS AND GOOD-NEIGHBOUR RELATIONS

COMMENTS ON KOČA POPOVIĆ VISIT TO VIENNA AND ROME

UNUSUAL interest in the further development of the Yugoslav-Austrian and Yugoslav-Italian relations has been shown recently, not only by the political, economic and other circles as well as by the public of these three countries, but by circles outside their boundaries. This is not surprising when it is taken into account that the matter at issue is the further stabilization and extension of the bilateral relations between countries in the area of Central Europe and the Adriatic Sea, which cannot but be reflected constructively in the wider field of international relations, especially in this part of the world.

In this Review we have often had the opportunity of stressing the great importance Yugoslavia attaches to good relations with all her neighbours, regardless of whether they belong to any bloc or not (as Austria), and regardless of their ideology or social and political system. The application of the principle of active co-existence in the policy between neighbouring countries which, by reason of their geographical, historical and other conditions, are predestinated to live side by side, should mean far more than not "breaking one another's windows" as was wittily remarked during Koča Popović's visit to Vienna. On the contrary, the fact that certain countries live side by side as neighbours is an actual advantage, which opens special opportunities for even more comprehensive international

co-operation, for which there are not so many conditions with distant countries.

When the relations of Yugoslavia with Italy and Austria are considered, it is seen that they involve the kind of active bilateral co-operation in which these countries are trying to avail themselves of all possibilities, from the point of view of their own realistically assessed interests. As they are countries with different social and political systems and with different international affinities and connections, their good neighbourly relations and the meetings of their statesmen on a high level assume a still greater importance.

Undoubtedly, without mutual good will, without realistically assessed interests, possibilities and new conditions, without accepting the principle of equal rights and of non-interference with the internal affairs of others, no such development of bilateral relations could have been hoped for. But the results achieved hitherto in the development of the Yugoslav-Austrian and Yugoslav-Italian relations are all the more valuable as they were burdened with the heritage of the past, both distant and the recent — from the Second World War and after it. As a policy cannot be built on the past, and as all the parties concerned realized this fact, a rapid and constructive process began to make itself felt in their relations — a process more rapid

and more constructive than could be expected, so that their good-neighbourly relations are definitely growing into friendly ones, with prospects of becoming still more fruitful, still richer and still more comprehensive in the near future.

What enhances the value of the contacts to be established during Koča Popović's visit is the fact that not only bilateral relations, but also wider international problems of common interest, will be discussed. Recent events have confirmed that the solution of international problems cannot be the concern or the right of only a few big powers. The strengthening of international confidence and understanding in bilateral relations facilitates the discovery, in such contacts and discussions, common points in the attitude to international problems and in the manner of solving them. The Milanese daily "Il Giorno" said one day, on the eve of Koča Popović's visit to Rome, that what characterized and had long distinguished the Yugoslav political line was the struggle for the relaxation of world tension. It goes without saying that such a declaration itself can be a basis for the exchange of view on international problems during the visits of the Yugoslav state secretary to Rome and Vienna.

The visit to Vienna is over, and that to Rome has only begun. But it is beyond doubt that the visit to Rome will be completed successfully and to satisfaction of all concerned. The fact alone that this visit is being paid speaks for the level of these relations and of the spirit of their further development. A representative of the Italian Ministry for Foreign Affairs declared that the Italian partner is fully confident that the good will for better co-operation which has been showed so far will lead to further constructive results. This confidence is fully shared on the Yugoslav side.

The level of the present relations between Yugoslavia and Austria is manifested, not only in the official communiqué on Koča Popović's visit to Vienna, but also in the cordial atmosphere which reigned during the whole time of the visit and in everything that was said on this occasion. The development of the Yugoslav-Austrian relations was not very rapid after the war. On the contrary it may be said that for various reasons, they developed at a surprisingly slow pace when it is taken into consideration that the two countries are neighbours and that their international situation is outside the blocs. Recently these relations have, however, begun to develop at a much speedier pace and far more constructively than before, especially after the visit of the Austrian Foreign Minister, here Kreisky, to Belgrade last March. The exchange of goods should be emphasized in the first place, and this was increased 30 per cent this year as against last year. During the Vienna talks these facts were not only noted with satisfaction, but it was found that there are new and wider possibilities for economic co-operation both in bilateral relations and in the appearance of the two countries on third markets.

By fulfilling the obligations of clause 25 of the State Contract, Austria has released the Yugoslav property which, during the Second World War, was transferred to Austria.

In view of the traditional cultural connections, it was agreed that talks on the widening of cultural co-operation as soon as possible should be started. Special emphasis was laid in the communiqué on the readiness of Austria to fulfil the provisions of clause 7 of the State Contract, referring to the Slovenian and Croatian minorities, and on the assertion that the contact established between the representatives of the minorities and the Austrian authorities should lead to an entirely satisfactory solution, enabling the minorities to become an element in the promotion of good-neighbourly relations.

The Yugoslav-Austrian bilateral relations in recent years, ranging from small frontier and tourist traffic, and contacts between various social organizations and municipal delegations, to reciprocal visits of members of both governments, have been increasingly frequent and comprehensive. The forthcoming visits of the Federal Chancellor and the Vice-Chancellor to Yugoslavia, at the invitation of the Yugoslav Government, also indicate further prospects of good relations between Austria and Yugoslavia.

According to the communiqué, both parties agree that on the plane of wider international relations pending problems should be solved by negotiation, and that the reaching agreement on general and controlled disarmament is one of the most important objectives of the today's policy, but even partial solutions should be regarded as progress, and the urgent conclusion of an agreement on banning atomic experiments would be a further step in this direction. Both parties also agree that it is necessary to make further efforts to render intensive economic aid to the underdeveloped countries, especially through the United Nations, and they express the hope that this international organization will be increasingly active in solving international problems.

There certainly are differences between the attitude of the two countries to some individual questions and as regards their solution, but this should by no means be an impediment in the further development of their reciprocal relations.

The results achieved during Koča Popović's official visit to Vienna and the prospects they have opened cannot but confirm the mutually expressed prognosis that in such an atmosphere it will be still easier to find solutions for the remaining questions, in the interests of better relations between Yugoslavia and Austria in particular, and of international co-operation in general.

Although the results of the Yugoslav-Italian talks during Koča Popović's visit to Rome are not yet known, it is certain that, in view of the development and the results of the bilateral relations achieved so far, particularly from 1954 on, that is to say, after the settlement of the Trieste question, this visit will be a great step forward in the progress of Yugoslav-Italian co-operation. Economic relations have developed to such an extent as to make Italy the first Yugoslav partner; the exceedingly intensive small frontier traffic has changed the frontier between Yugoslavia and Italy into one of the liveliest frontier areas in Europe, with millions of travellers crossing it every year, the tourist traffic, etc., all show that co-operation has been especially intensive where ever both countries have endeavoured to promote it by joint efforts and good will. Thus we trust that other questions which, in some way or for some reason, have remained behind the achieved level of relations, such as cultural co-operation, problems concerning the position of the Yugoslav minority in Italy etc., will be solved in a mutually satisfactory manner. We are convinced that such progress will stabilize the relations built up till now, and open prospects of achieving friendly relations between the two countries and between the two peoples, who have been living on the coast of the same sea for centuries, and who now have an opportunity of establishing close, good and lasting mutual relations.

But it should not be thought that all obstacles and difficulties in Yugoslav-Austrian and Yugoslav-Italian relations are behind us, or that all individuals or circles are content with this course of development. The important thing is that all the factors that guide policy in the two neighbouring countries have agreed to settle and develop relations with Yugoslavia on the basis of mutual and realistically assessed interests, in new conditions and

international relations, and that on our part such good will and such an approach will always meet with understanding and support.

Sometimes it is heard said from different quarters, whether right or left, that in her foreign policy Yugoslavia should not forget that she is a country in the Balkans, and for this reason her relations with her neighbours come first in importance. It goes without saying that this "criticism" comes from those who for various reasons, are displeased with Yugoslavia's international activity, and notably with her strong links with the countries of Asia, Africa and Latin America. This "criticism" obviously reveals the actual wishes and concerns of our critics to a greater extent than it touches us and our foreign policy.

COMMENTS

The Congo Crisis

By N. OPAČIĆ

IN pursuance of the resolution of the UNO General Assembly, in connection with the proposal submitted by eight African and Asian countries, a mission of good-will was to be sent to the Congo to attempt to bring about national reconciliation, and to facilitate the normal functioning of the constitutional organs of this young republic, above all its Parliament. The coming of this mission to Leopoldville might have had a decisive effect on the solution of the five-months crisis in the Congo, the more so as its character and its objectives were formulated in keeping with the intentions and conceptions of the Afro-Asian countries, whose constructive role makes itself so beneficially felt in the contemporary struggle against colonialism and bloc policy on the liberated soil of Africa and Asia.

But the latest events in the Congo have rendered it far more difficult to settle the crisis on the basis established by the United Nations. Before the mission set out for the Congo, the Kasavubu-Mobutu coalition had refused the good offices of UNO in a manner which put the World Organization into a very unpleasant position. By refusing the action of the United Nations, the Kasavubu-Mobutu group, which is openly serving the interests of certain western countries, rendered it impossible for an authoritative international organ to establish the actual state of things in the Congo, and to create, on the basis of an objective analysis, conditions for ending the crisis in accordance with the interests of the Congolese people and the international community.

The UNO Mission suffered a hard blow also from the majority at the General Assembly, who formulated the resolution on the Congo representation in the United Nations in an irresponsible and tendentious manner. By voting for Kasavubu's men as the official representatives of the Congo in the East River building, this majority prejudiced the actions of the Mission of Good Will, and hindered its work in advance. It

Yugoslavia has never forgotten the simple fact that good foreign policy begins at a country's frontiers. With all her six neighbours she has achieved more or less constructive results in the development of good-neighbourly relations — with the exception of Albania, and obviously this is not Yugoslavia's fault. Yugoslavia will continue to exert efforts in this direction. Her activity in the struggle for peaceful relations in the world has never hindered her from constantly developing and strengthening her relations with her neighbours, in so far as her concern about these relations does not hinder her from developing still more intensively her foreign political activities on a wide international plane, in the interests of peace.

could be normally expected that the General Assembly would adjourn the passing of the resolution on the Congo representation, Parliament has not yet withdrawn its confidence, but especially because it would have been better to wait until this Mission of Good Will had performed its task in the Congo. Thus, in view of the hasty infiltration of the Belgians into the Congo, the usurping actions of Mobutu's so called commissioners, and Kasavubu's initiative to set up a new government with the secessionist Tshombe, the Mission of Good Will is encountering new, obstacles, and the recognition of a Congolese representation in UNO has become quite purposeless since, as long as there are Belgians in the Congo, this country will not obtain a government which would serve the national interests

Thus the incomprehensible resolution of the Geneva Assembly to assign the status of official representative of the Congo to persons who have not the support of their own nation, has only sharpened the constitutional crisis in the Congo by threatening to present the World Organization with a fait accompli.

There are two things which have recently constituted a grave danger to the independence and unity of the Congo: the intensified efforts of certain Western countries to liquidate, through Colonel Mobutu, their exponent, the legal government and institutions of the Congo; and the invasion of the Belgians. The terroristic actions of Mobutu's military phalanx, which dared to make an armed attack even on the blue berets in Leopoldville, were synchronized with Kasavubu's activity in New York, and with the attacks of some Western countries, in the first place the USA., on Dayal's report, in which the Congolese Parliament is given moral support and Mobutu is pronounced guilty of the disturbances and acts of violence in the country. On the other hand, the new, mass infiltration of the Belgians into all key sectors of the public, economic and military apparatus in the Congo is bringing new, dangerous elements into the

crisis, and threatens to complete the plot against the integrity and sovereignty of the Congo.

By analyzing the recent happenings in the Congo, it appears that the situation in this young African republic would not have deteriorated if the activity of the UN Command had accorded with the resolutions of the Security Council and the General Assembly. The UN Command, as a rule, lagged behind events, and showed an incomprehensible lack of energy and consistence in the settlement of key problems. When it was even confirmed in public in the report of Dayal, Hammarskjöld's special envoy, that the return of the Belgians is a great danger to the independence and the future of the Congo, why did the UN Command not prevent the activity of this terrorist body and thus create conditions for the normal work of the highest representative organs of the Congo?

These tasks are even more urgent today than yesterday, and cannot be put off. The situation is more than complicated,

since many conflicting interests are involved in it. But in all this one thing is beyond doubt: for the United Nations it is not yet too late to fulfil its obligations towards the Congo by energetic and consistent action. As the crisis was provoked by the interference of powers outside Africa, its solution cannot be achieved unless all interests, except those of the Congolese, are excluded. Today it is more obvious than ever that the problem of the Congo is essentially a problem of foreign intervention, and that it should be solved as such. It is a political problem and not a problem of legal procedure.

The path has been traced distinctly enough by the resolutions of the Security Council and the General Assembly. If the United Nations does not wish to jeopardise its authority and its power, if it does not wish to lose the confidence of the newly liberated countries, it must urgently send its Mission of Good Will to the Congo, and secure its undisturbed and objective work.

G. A. T. T. Faces New Tasks

By Nenad POPOVIĆ

THE recently closed Seventeenth GATT Session has been significant from several aspects. Although it has not led to dramatic or important resolutions it has nevertheless shown that GATT is developing in a determined direction and coming to maturity, which cannot but bring about constructive results. It is the awareness of the fact that more systematic and comprehensive actions must be undertaken in the world trade that is of paramount importance today.

The power GATT has had hitherto, and also the power it has at present, is due to the fact that it was created according to empiric methods, which are always adapted to current facts and that it was never inclined to enter into unnecessary or dangerous generalization. This is why GATT's activity has often been denoted as an "ad hoc" adaptation, and its critics are sometimes inclined to stress too strongly its "a posteriori" character.

But the recent Seventeenth GATT Session has shown that GATT, both as an organization and as regards the joint activity of its members, is today on the threshold of something new, and even in the process of being transformed.

This new aspect is manifested in a marked tendency towards universality. GATT is certainly no longer a closed circle of a few or even a large number of countries. The number of its members is still relatively limited (38 fully empowered and a few associate members) but it is significant that in this association, not only developed and underdeveloped countries, big and small, are represented, but also the "solitary" countries, as well as those which are in various trade groups, and the countries of East and West, irrespective of their systems. This is certainly not universality yet, and the number of GATT members should be considerably increased, but it is nevertheless clear that this tendency is marked in GATT and was shown at this Session by the fact that Poland has become an associate member, Nigeria a full member, and Argentina a temporary member.

There are always several vital problems on GATT's agenda. A basic one is how to define and to secure the way for the smooth development of world trade. The matter at issue is not trade as such, but as the reflection of the need for the growth of the individual economies and, on the other hand, the problem of how to make world trade into a medium through which constant, full employment in the industrial countries and progress in the insufficiently developed countries will be secured at one and the same time. In other words, the problem is in how to establish through world trade the mechanism to maintain the steady growth and expansion of economy in worldwide proportions.

This task is the more important as it has become obvious today that a free world market is the general framework which is the optimum, if not quite indispensable, for the establishment of the most rational mutual relations of the individual economies (or groups of economies) by fully respecting the individuality, the sovereignty and the ways and methods of every country.

Viewed from this aspect, it is understandable that the GATT circles, especially after the Seventeenth Session, feel that more concrete actions will be undertaken in the future. This will not be performed only through the autumn and spring sessions, as has been the practice hitherto. Now a Council has been set up as a permanent body, and to contribute to GATT's confirmation not only as a heterogeneous assembly of interested countries, but as a determined international instrument for organization.

It is this tendency towards concrete and wider actions in the conditions of today which entails the need for ending the practice of "ad hoc" adaptation, and for tracing certain lines of the future relations. So for instance one of these important features is the problem of quantitative restrictions. These restrictions were often introduced after the war, especially in the developed industrial countries, on the grounds (which were true enough) that they were necessary on account of the deficit in the payments

balances. This deficit no longer exists, in Western Europe today but in a somewhat mitigated way, the construction and practice of these restrictions has nevertheless remained in effect.

When their removal began to be demanded, since there are no longer difficulties in connection with payments balances, but there are already difficulties in the opposite direction, caused by surplus, it became evident that this process was advancing very slowly. Various reasons were found for the slow progress and the whole matter was more or less obscure. It was only now, at the Seventeenth Session, that Switzerland undertook an important step. In its status of temporary member on the way to taking over the rights and duties of fully empowered membership, Switzerland defined the problem of the existing restrictions, especially in the agricultural sector, no longer as a matter of payments balance, which is accepted by the statute of GATT, but as a matter of economic and national security.

At first sight this may seem to be a definition complicating the whole matter and putting off its solution. But this is not so. If this matter, which will, certainly, soon have to include the problem of agrarian subsidizing, is treated today on the plane to which it belongs, i.e., as a political or social problem, then it can be and must be solved on this plane, from this aspect. It would have been difficult to feature this problem, which is essentially political or social, as a problem of trade, and to try to solve it by commercial measures. It is quite natural that this could not be managed.

This does not mean that it is justified to maintain such restrictions. On the contrary, it means that every problem

should be placed where it really exists and should be solved, in a realistic manner, as such as it is.

In this connection, it is important that this GATT Session has decided that the problems of "the disturbance and up-setting of the markets" should be studied. This is a relatively new problem, which was first formulated last year in Tokyo. The point is that in the conditions of the rapid development today of the economies which have been underdeveloped until recently, some of these economies are brought into the situation that, thanks to their relatively low wages and the facilities of the modern technological methods of production, they can sell their products at very low prices, especially in the developed countries. Thus no dumping is involved, but the utilization of a natural and even economic (though undesired) advantage resulting from low wages. This is why this matter is not formulated as a deliberate disturbance of the market, but the fact remains that such conditions may lead to disturbance, and it is in the interests of all to eliminate or, at least, to mitigate it.

The meaning of disturbance is defined now, and a permanent committee has been set up to study this problem from its special aspects, as well as to give appropriate recommendations.

This conclusion, along with a number of others formed at the Seventeenth Session, shows that the Session was very useful and that the present and future work of GATT will lead to comprehensive and concrete actions, contributing to the making of the free market into a framework and a basis for progress and full employment throughout the world.

The Legal Aspect of Co-Existence

BY Dr. Milan BARTOŠ

CO-EXISTENCE was long regarded as a question of political relations between states, but as time went on its meaning changed. After depriving the sovereign countries of the right to make war, co-existence no longer meant merely a state of reciprocal and simultaneous respect on the part of several states towards one another, but a prohibition for states to endanger by force the existence of other subjects under international law. Co-existence has thus changed its quality and has become a legal concept, but it has retained its political character. It has become a guarantee of the right of states to co-exist in the international community, with other states, obliged to suffer one another's existence, to desist from the use of force, and not to interfere with one another's internal questions.

The fear of war, its threat to the world, the situation the existence of which we cannot deny, are proofs of the instability of co-existence. However, this is not a proof that there is no co-existence or that it does not exist as an institution, but only that there is the danger of co-existence being threatened. It was only by the Charter of the United Nations that the conditions for co-existence as a legal institution were created. As long as co-existence did not exist as a legal institution, as long as there was no guarantee that states would not be attacked or destroyed, as long as the legal possibility

of war existed, there could be no question of co-existence in its present form or essence.

Medieval Conception of Co-existence

I do not maintain that co-existence is a new concept. I do not say that co-existence is something that dropped from heaven — even through the United Nations Charter, but as long as there was a possibility of using war as an instrument of national policy in relations with another country, co-existence was something that existed in inter-state relations, thanks only to the momentary situation or the momentary will of the stronger states. From the Middle Ages on co-existence was always recommended as a moral institution, so that it was co-existence within a very limited scope. The Christendom of the white race regarded co-existence among the rulers as a duty of a moral, but not of a legal nature. The Christian rulers, under the influence of the mediaeval Catholic teaching, believed that they should desist from war in their inter-state relations — especially from such war as would lead to their ruin — but they nevertheless had the right to make war, and they could, if necessary, settle their disputes by war which, in its turn, could quite legally lead to the destruction of the adversary.

Africa a New No Man's Land

The international law the institution of "debalacio", i.e., the victory of one party in a conflict that led to the disappearance as a state of the completely defeated adversary. The defeated state was incorporated in the victorious state, and ceased to be. In other words, there was no longer co-existence between them. It may perhaps be suggested that this was only theory. But history has shown that it was common practice, sometimes even progressive, since through war leading to extermination in the sense of political law, the unification of individual peoples was achieved, on condition of the disappearance of the state which hindered the achievement of this unity.

While the situation regarding relations between the states of the white race was such, co-existence in relations with other states, except for really powerful ones such as Turkey and Japan, was not a moral obligation at all. The centuries of colonial conquests knew only the fiction of the civilizing role of the European states, and the theory that there existed no state in the so-called savage world with a right to independence which would lead to its co-existence with states of the white race. This theory of the non-existence of states in the African area (although history has proved that states did exist there) was confirmed as long ago as 1855 by the international community of that period or, to be more accurate, by the European countries which signed the rules according to which the African area was to be occupied. These rules were founded on two principles: first, there were no native states in Africa and the African territory was no man's land, *res nullius*, a thing belonging to nobody, which could be taken possession of by anybody who could gain sovereignty over it by effective occupation. Second, when conquering alien countries, the European nations had to respect the legal rules concerning the priority of occupation, the relations of the occupying country towards third European powers, and their acquired rights or contracts fixed through promises. These two principles constitute a denial of the right to the co-existence of the African peoples and their states, and they show a tendency to co-existence between the European countries — even where it is a question of looting. This was only a tendency, since there was, above all, the right of every European country to make war on all its competitors in colonial conquest.

The League of Nations and the Kellogg-Briand Pacts

The League of Nations Pact did not change the legal aspect of this precarious co-existence, although it constituted the ideology of this League. The Pact prohibited war between members of the League of Nations, but only on conditions of special procedure. War could be employed as an instrument for settling disputes only if the League of Nations Council failed to settle a such unanimously, within 60 days after it had been made known to the Council. But once these 60 days had elapsed, the states had no guarantee whatsoever that they would not be the victims of organized aggression. Is it not sufficient to quote the example of the impotent defense of Ethiopia, which was being attacked in the political conditions in which the League of Nations was then functioning? On the pretext of preserving world peace and localizing the conflict, the League of Nations recognized Ethiopia's "debalacio" in favour of fascist Italy, and denied the courageous Negus admittance to its sessions, leaving its members to take their own political attitude towards this territorial expansion of Italy.

It is beyond doubt that the germ of the tendency towards raising co-existence to a legal level already existed in the

League of Nations Pact. But these beginnings were far from perfect, nor did they succeed in setting the matter on a legal basis. In the further course of development, the Kellogg-Briand Pact proclaimed the outlawing of war, and prohibited the use of force as an instrument of national policy — a development which strengthened the tendency towards peaceful co-existence among states. But the Pact did regard this as a universal rule, but only as a contractual clause binding the signatories in their reciprocal relations, and leaving them the possibility of making use of the right to make war, as the inherent right of sovereign states. Hence, the Second World War was, for some states, a violation of the Kellogg-Briand Pact in respect of certain countries, but not a violation international law, which maintained its former regular rules, according to which war was a permitted institution.

The Rules of the UNO Charter

It was only the Charter of the United Nations that created a new legal order, based on a prohibition to resort to war. The Charter made it a rule that force might not be used for settling international disputes. When establishing this rule, it created an organism, within the framework of the United Nations Organization, to preserve peace as the greatest benefit of mankind. It proclaimed as a universal rule the prohibition of force as an instrument of national policy. The United Nations reserved the right to intervene against any disturbance of the peace, regardless of whether it should come from its own members or from countries that were not members, and regardless of whom it was directed, against. This means that all states, whether members or not, are required to respect the rule regarding the prohibition of the use of force, and UNO has promised protection to any country against which force should be used, not entering into the question of whether such a country is a members of the United Nations or not.

Today we may discuss whether countries respect this prohibition to a sufficient degree, and whether the United Nations, with its present weaknesses and imperfections, will be capable of fulfilling its legal task. But what is beyond discussion is the development of the international law in this field, and the proclamation of a general, absolute and universal legal rule obligatory for all states: that they must not use force or threaten to use force against any other country, and that they must respect one another's independence and must not interfere with the one another's internal affairs. This in itself represents the principle of peaceful co-existence of the states as a legal institution. By establishing this principle, the legal aspect of co-existence has been modified. It has become a legal institution. What formerly could not be regarded as a legal obligation is a legal rule today, which, perhaps, is not in keeping with the conceptions of all, especially of certain powerful countries, but the respecting of which is an obligation for these countries too.

Active and Peaceful Co-Existence

In giving this short survey of the transformation of the political institution of peaceful co-existence into a legal institutions, we should not make ourselves sufficiently clear if we omitted to add another concept which, as a new quality of co-existence, was especially advanced by President Tito in his important peace moves.

The matter at issue is the general order in relations between states, stipulated by the United Nations Charter. The duty of all states to observe unconditionally the rule of peaceful co-existence is accompanied by the obligation to act within the international community as subjects with equal rights, in a sovereign and politically equal manner, with defined

obligations and rights in the development of international relations on a bilateral, regional or universal basis. All countries that are members of the United Nations and, according to the tendency towards universality, all countries ought to be members of the United Nations, are called upon to cultivate good neighbourly relations with one another, to co-operate, to solve international problems jointly, and to strengthen the international community.

Hence there exist no passive co-existence of states, in which some would have the right to determine the lines of world policy, while others would be relegated to a passive role. On the contrary, co-existence, as conceived and organized by the United Nations Charter as the right and duty of all nations, great and small, with equal rights, demands active and peaceful co-existence among them. The United Nations Charter constitutes the basis of a legal formulation of this kind of co-existence.

The problem of active and peaceful co-existence is that of the preservation of peace and the progress of the international community, with the participation of all its members. This is no longer a political principle left to the conscience of the states, but a legal of the international community. The international community has a number of organs to carry this system into existence. It has been introduced by clauses on various sanctions, not only in the United Nations Charter and in the statutes of the specialized agencies, but in various other international instruments to be applied in case of any country violating the Charter or failing to perform its tasks, especially if hinders other countries from availing themselves of the freedom of action afforded under this system.

Initiative of Yugoslav Jurists

By raising the concept of co-existence from a philosophical and political theory to a legal system, the international jurists were faced with the question of elaborating this system, as only its indispensable postulates given in the United Nations Charter have been accepted as conditions for contemporary international life, and the constitution of the international community of today. This legal system must necessarily be worked out in detail. Following President Tito's realistic and constructive political actions, taking advantage of the basis afforded in a series of political declarations in this direction, especially on the occasion of his visits to Asian and African countries, accepting as sincere the declarations of some statesmen concerning the necessity of respecting the rules of peaceful co-existence and its importance for the preservation of peace in the world and the development of international co-operation, the Yugoslav jurists had privilege and honour of being the first to request, at the Congress at Dubrovnik in 1956, that ILA (International Law Association), the world forum of jurists engaged in international law, should place on the agenda the examination of the rules of co-existence between states, pleading for the indivisibility of co-existence, with its peaceful and active attributes.

At first many jurists, appreciated for their former services and their knowledge, reacted rather sharply to this Yugoslav venture. Some of them were of the opinion that the world organization should not concern itself with this problem, because it was a sociological and political and not a legal one. Still there were enough reasonable people to make it possible to study it, to see whether it constituted a legal phenomenon. Two years later, at the New York Congress, things were already easier. After thorough discussion, in September 1958, an unanimous resolution was passed, which no longer denied that this was a legal problem, and demanded that it

should be studied more comprehensively, just because it was a legal problem, so as to develop the legal system of co-existence between states. It goes without saying that there were variants in the conceptions of world experts concerning co-existence. The essential matter was the almost unanimous assent that the study of this problem and the fixing of the rules would, in effect, serve the cause of peace. At the next UNO session, the resolution of the General Assembly appealing to all the states to extend their co-operation in the field of co-existence, was adopted by vote. The attitude of a few jurists, who insist upon considering this matter as purely political, is rare and isolated today. But even these jurists no longer deny the necessity of studying this matter from the aspect of international law.

In the spring of 1960, at a meeting at Geneva, the jurists demanded that the next Congress of ILA should extend the study of this problem to its legal aspect, and they found that it was necessary to proceed to the codification of rules for the co-existence of states. At the World Congress at Hamburg in 1960, this proposal was accepted, and the Congress resolved unanimously that jurists from all parts of the world should be invited to work on this codification.

The Working-Out in Detail of the UNO Charter's Legal System

Thus it is quite logical that the initiative should again have been taken by Yugoslavia. At this year's regular session of the UNO General Assembly the Yugoslav delegation voted for entrusting the United Nations Committee for International Law with the task of studying the question of co-existence as a system for codification in international law. The conception

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of the Yugoslav delegation is clear. Co-existence is a feature of the rights of the United Nations. Without co-existence there is no possibility of maintaining the system of the United Nations Charter, for co-existence is one of the qualities of this system.

Accordingly, if the implementation of the Charter is desired, the essential institutions and tendencies which are the essences of the legal guarantees stipulated in it should be worked out in detail. But the Charter provides only a basis, and the principles on which it should be elaborated. Consequently, it is the General Assembly's duty to contribute to this elaboration, through codification and progressive development of the international law.

It is not the aim of the Charter only to set forth rules. In the course of development, the institutions should be worked out in detail and the features essential for modern international law, based on the preservation of peace and inter-state co-operation, should be emphasized, with a view to achieving the essential objectives of the international community. This is the principle that Yugoslavia is struggling for.

It is certain that a legal cabinet armature does not create relations between states. But it is equally certain that a legal armature can be and must be an encouragement and a guarantee for the creation of better conditions, and the prevention of the misuse of gaps in international texts. Yugoslavia has always been convinced that possibilities for developing and creating better relations between states should never be neglected. Consequently, she regards the codification of the rules of co-existence as serving the cause of peace and the development of international co-operation, especially today, when the number of independent countries appearing on the international scene with the right and the wish to see the international community based on an equal footing and on the proper development of all countries, big or small, steadily increasing.

Despite its weaknesses and shortcomings, the United Nations has nevertheless proved a useful organization for the preservation of peace and the development of international order. Thus this organization should take over the role of working out in detail the legal rules to facilitate the fulfilment of its tasks.

Problems of South Asia

By Dr Aleš BEBLER

I HAVE recently returned from a tour of Asia which took me to Indonesia, Ceylon and India, together with a party of Yugoslav members of parliament who had attended the Annual Conference of the Inter-Parliamentary Union in Tokyo. This visit has helped to round off my ideas about South Asia, for I had visited India, Pakistan and Burma on another occasion.

In spite of very considerable differences between individual countries in that part of the world, they have many features in common, and their past history and contemporary fate are also largely similar.

All these countries have at one time been centres of independent civilizations and cultures. Ancient monuments of engineering and culture may be found everywhere. A European traveller, for example, cannot but notice the ruins of hand-built dams and canals in North Ceylon. This is what remains of an irrigation system built and developed between the 3rd century B.C. and the 13 century A.D., to bring water to rice fields stretching over thousands of square kilometres. The monuments of art of the region, of which Europe has heard more, range from Central Java to the Indus Valley, and testify to the greatness of these times.

All these countries were later subjugated by European masters. Their development along separate lines was discontinued and they themselves were turned into raw material bases, and thus economic appendages to master-countries. The only development henceforward was that of the production of raw materials necessary to the masters, such as ores, petroleum, rubber, cotton or tea. Domestic manpower in these countries was employed in the production of these raw materials under the difficult conditions imposed by the alien power. Products of individual producers, if of any interest to the masters,

were confiscated in a barely disguised manner or, as in Indonesia, in a completely undisguised manner, the producers being forced by brutal pressure to sell them at ridiculously low prices.

Thus world-wide economic development was coupled with the decline of autochthonous civilizations in that part of the world, and the pauperization of its population. Today the new and free countries of South Asia have inherited unheard-of misery. No matter how much we in Europe read about the low standard of living in that part of the world, we can hardly conjure up a real picture of life there. I brought a new measure from this journey in the course of which I was able to see a part of Central India — the area of Aurangabad in the State of Gudjerat. Most of the rural population in this area live under conditions which make it impossible to stretch out properly at night, when they should get enough sleep and rest from strenuous work and heat. Men, women and children lie cramped together in bent positions, or squat through the night.

DEVELOPMENT BY THEIR OWN EFFORTS

Had mankind, through its consciousness and state of organisation, reached a level of development adequate to contemporary requirements, had it even to some extent become one whole concerned about its constituent parts, South Asia and the fate of the people in it would be the focus of world attention. The level of modern science and technology would allow South Asia very shortly to be raised to a higher level in regard to economy and education, and this would later pay the international community a hundredfold; hundreds of thousands of human beings, now struggling for a bare existence, would start doing wonders for the benefit of the whole of humanity.

But then, we have not advanced so far. The majority of the Asian peoples have had to shed their blood in order to be allowed by others even to extricate themselves from their troubles and misery by their own efforts. Today, too, the majority are extricating themselves by their own efforts. Outside economic aid, though sometimes quite substantial, lags far behind both the possibilities of the developed parts of the world, and the needs of the peoples of South Asia. Their own accumulation, naturally very low per head of the population, is still their main source of investments. The 3rd Indian Five-Year Plan provides for four billion US dollars worth of investments, of which only one billion is to be from foreign credits and loans, and yet this billion has not been secured. If we remember that the world today spends one billion dollars on armament every third day, we have found a measure for the low level of international solidarity in our time.

The peoples of Asia are developing largely by their own efforts, but are doing so none the less considerably. New projects, sometimes very extensive, are being built everywhere. Further economic advancement, particularly the creation and development of industries based on domestic raw materials such as iron, rubber, cotton and petroleum, is being planned everywhere. Efforts to educate the least developed sections of the population — those in the rural areas — are being made everywhere. Centres to promote economic advancement, education and hygiene are being set up in these areas. In India, it is the trinity of "Panchayati Raj", the co-operative and the school; in Indonesia, it is the "Dese" centre, the smallest administrative unit in the rural areas. In Ceylon, the question of general education is the focus of internal political development, from the aspect of its nationalization.

INTERNATIONAL ROLE OF SOUTH ASIA

South Asia is becoming an international factor of growing importance by reason of its present dynamism of internal development. The self-assurance of the peoples of South Asia is firmly based on their political freedom and is being continuously augmented by their achievements in the fields of economy and education. Their role is growing in importance and undoubtedly exerts a very favourable influence on the general progress of humanity.

The international role of South Asia today is being felt in three different, but closely interconnected spheres:

First, in the struggle against the remnants of colonialism. South Asia has been a victim of that system for such a long time and to such an extent, that she hates it from the depths of her heart wherever it may still survive, and she is in complete solidarity with the peoples still suffering under it. This feeling, naturally, finds expression also in the efforts of the South-Asian governments in the field of foreign affairs. In this way South Asia gives invaluable moral, political, and often practical support to the liberation movements of the colonial peoples, and contributes to the world-wide forward movement of human history.

Second, by seeking ways and means for the speediest possible economic development by her own efforts, South Asia is advancing her internal social relations. Public sectors of economy are being established and exclusive, privately owned means of production are being abolished everywhere. The working class is playing an important role in social and political life and, as a rule, representatives of workers' trades unions or political organisations take part in governments or government coalitions, high economic bodies, etc. In the economic and political life of each country these new manife-

stations are assuming the specific forms adjusted to its needs and peculiar features. Thus the peoples of South Asia help to enrich and further promote both social thought and social development in the rest of the world.

Third, the peoples of South Asia are an important and strong factor in the struggle of the peace-loving and progressive forces for peace and international co-operation on the basis of equality among peoples. One might even say that they cannot even imagine a new world war — a war between the East and the West — so absurd does such a war appear to them. The

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only wars they can understand are the liberation wars of suppressed peoples, such as the Algerian people's war for their right to self-determination. But a war between free peoples, between the biggest powers in the world today — such a war seems to them both absurd and criminal. They have only just liberated themselves, and stand at the beginning of their upward movement, which is only possible in freedom. And should this movement be stopped now because of big-power disputes about such questions as, for instance, Berlin. Is there any common sense in it?

That is why the policy of non-attachment to the blocs, the policy of active co-existence or positive neutrality, or whatever it may be called, has so easily taken deep roots in South Asia. That is why the recent raising of co-operation among the non-committed countries to a higher level of co-ordination by the joint appearance of the five most distinguished statesmen of the non-committed countries in New York, has aroused so much enthusiasm and given so much encouragement to peoples all over the world.

DISAPPOINTMENT OVER CHINA'S POLICY

The peoples in that part of the world have indeed been in need of urgent encouragement, having experienced a grave disappointment in the field of inter-Asian relations as a result of the changed foreign policy of the biggest and most powerful Asian country — China. Her participation in the Conference

at Bandung prompted masses of people to hope that, having been emancipated from semi-colonial status, and as an under-developed South-Asian country herself, China would be a pillar of strength to support their efforts. But China's behaviour in the past few years, and her acts, primarily with regard to India and Indonesia, have caused rather serious confusion in many minds. It is feared that China does not have in view mutual co-operation and support to the peoples of Asia on the basis of equality, but demands greater rights for herself than these she is prepared to grant to others. Her language, too, and her arguments to the effect that a new war is inevitable and that the most essential feature of our time is the struggle of two winds, one of which will "triumph" in one way or other, could not possibly meet a favourable response. The very word "triumph" has an unpleasant ring about it when uttered by a big power.

South Asia considers only one division between countries to be real: that between the poor and the rich, between those to whom history has been a step-mother and those who have been her favourites. It is primarily from that angle that South Asia looks at current events and contemporary ideas about the world. Anything indicating or suggesting greater solidarity among all men, relaxation in inter-state relations or attention to the economic development of the parts of the world in the greatest need of it, is close to South Asia's heart. And such precisely is the tendency embodied in the trend of the non-committed countries today.

General de Gaulle's European Ideas

By L. ERVEN

GENERAL de Gaulle has his own views regarding the problems of the Atlantic Pact, as well as concerning European Unity and West European co-operation, which differ a great deal from the views of France's allies; and recently the General expounded them, along with certain other ideas, at a specially prepared and widely organized press conference, held in Paris on September 5.

Since de Gaulle came into power two years ago, France has had a "separate opinion" and a different viewpoint concerning almost all questions of Western policy, so that she has often found herself in the situation of an outsider in her relationship with her allies. When still in resigned retirement at Colombey the General was regarded as a man who agreed neither with the internal or foreign policy of France, nor with the attitude of her allies towards her, nor with her part in European politics. A man who is said "not to mince words", he did not conceal his conviction that European policy was too greatly influenced by Anglo-Saxon factors who, he considered, did not have a proper knowledge of European problems or a real right to solve them. Neither did de Gaulle conceal his conviction that France, owing to her position, history and tradition, and her doctrine of international politics, is called to instil the European spirit into this European policy conducted from centres outside Europe, and to bring it back into the sole service of European interests. On this point de Gaulle was perhaps not quite on the wrong track, but nevertheless he

seems to have wandered down paths which have led him from the broad European horizon to the narrow terrain of French state policy, which is not always correct or justified.

On coming to power, de Gaulle had the opportunity and the means of expressing his disagreement effectively with the foreign political actions of the French Government.

His tactics of a dissatisfied ally were especially manifested in the Atlantic Pact, not only through a demand for profound reforms, but through certain concrete actions which did not correspond to the structure or routine of this organization. But General de Gaulle's urge towards reform is not limited to the Atlantic Pact. It affects other forms of West European alliance too, particularly various aspects of economic and political co-operation.

The mood of an outsider, shown both in the declarations and the actions of the French government, was particularly stressed by the French failures in Algeria. As usual, General de Gaulle does not ascribe these failures merely to a lack of realism in the French attitude towards Algeria, to the strong fighting spirit and wish of the Algerian people for independence, to the errors made by the French Administration in Algeria, or to the difficulty of justifying the Algerian struggle; but he reproaches his allies for them, alleging that they are the consequence of their lack of solidarity with France. He is obviously annoyed by France's unfavourable position in the

United Nations because of the Algerian problem, and the reluctance of certain of her allies to take an openly favourable attitude to the French point of view. General de Gaulle has repeatedly emphasized that France rightly expects at least political and moral, if not military aid from her allies. His disappointment only confirms still more strongly his conviction of the shortcomings of the West-European organizations from the point of view of French interests, and of the need for reform, to raise the authority and strengthen the position and influence of France in these organizations, and in her relations with her allies. We believe that this constitutes the basic motive of de Gaulle's European policy.

* * *

The Government of the Fifth Republic inherited from the Fourth Republic membership in several military, political and economic organizations of the Western bloc, to which de Gaulle had never agreed. This whole period of military, economic and political organization flourished under the influence of the United States and its decisive military and economic aid, but it led to a certain disproportion in the position and political influence of the Western bloc — between the USA and her Western allies. General de Gaulle cannot reconcile himself to the inferior French position resulting from this disproportion, although he recognizes and accepts all these organizations in principle. They were mainly built on the principle of the joint defence and ideological solidarity of the West European countries, but at a later stage of development the tendency towards integration, first in the military field and then in those of economy and politics, made itself increasingly felt. The United States was in favour of this tendency towards West European integration, as she believed that it would be easier to overcome various European clashes of viewpoint through the medium of integration, and also because she was not particularly troubled by scruples about the national sovereignty of her European partners. The actual idea of West-European integration was most strongly expressed first in the European Coal and Steel Union, and later in the European Economic Community and the Common Market. Both these primarily economic organizations of six Western countries, called Little Europe, were conceived as the first phase in the realization of the programme of economic and political integration in Western Europe, which enjoyed great approval in various political circles of France, West Germany, Italy and Belgium. A further step towards the achievement of political integration was made by the amalgamation of the various consultative assemblies of the individual organizations into one representative body.

General de Gaulle's European programme does not favour any further development in this process of integration, for which he has no flattering words, although, for the time being, he has not suggested any changes in the structure of the individual organizations (except in the case of the Atlantis Pact). He admits that the organizations formed so far on the principle of integration may have a certain technical value, but in his opinion they can have neither authority nor political efficiency. Decisions of political importance can be made only by political authorities with full national competence. Integrated organs can function only if the interests of the individual member-countries do not clash; but as soon as they do so, such problems cannot be solved by these organs.

Thus General de Gaulle disbelieves in the realism of the basic viewpoints which have been accepted up to now in the organization of Little Europe, and which he has exclusively

in mind in his European programme; and he is not inclined to assign even the smallest part of his own sovereign competence to any super-national organs. He has not declared himself an opponent of European unity or European political co-operation, but he does not conceive this unity as unity through integration but as unity through a joint policy. He believes this can be achieved by establishing certain forms of regular political consultation and agreement between the responsible governments, and by setting up special organizations to act in the field of common interests, but according to the instructions of the responsible governments. In addition to regular consultations on a governmental level, de Gaulle's plan provides for the periodical convocation of an assembly composed of delegations of the national parliaments.

In general characteristics, de Gaulle's programme is not much ahead of the classical forms of international co-operation, and it could be fitted without difficulties into the West European organizations already set up. What is specific in this conception might be denoted as the inclusion of an anti-integrational brake in the integrational mechanism of the Western instruments of co-operation. The only quite new element is the suggestion for a European referendum, although on this de Gaulle has not declared himself precisely enough. His ideas refer rather to the technique of the relations between the allies than to the essence or aims of European politics.

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It would be a mistake to give de Gaulle's conception of co-operation in Western Europe the name of European co-operation. De Gaulle is thinking only of Western Europe

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and, in Western Europe, of Little Europe above all. This shows that he too, wishes to solve the problem of Europe within the boundaries of the Western bloc and within the framework of France's own interests, for he cannot free himself from the obsolete approach to crucial international problems through narrowly understood self-interest. In this alone he lessens the political value of his programme and reduces it to the scope of a bloc-directed regional plan. We believe that this approach to the problem conflicts with his ambitious efforts to secure France the position and role of a great European power. For when all the factors are taken into account, France might perhaps achieve such a position and role through the width and objectivity of a genuine European policy aiming at the preservation of peace and comprehensive constructive international co-operation on a European level, according to the principles of peaceful co-existence, and not only through the eventual gaining of a stronger position in a narrow regional group of bloc origin and character, in which the bloc boundaries are at the same time the boundaries of international influence.

De Gaulle's European policy reduced to the bloc area of Continental Europe, with anti-integrational tendencies and to some extent anti-British, was not received favourably by the other members of Little Europe, on whose co-operation the General is probably reckoning. His stand against integration is meeting with resistance in many West European circles, who see in European integration the synthesis of the economic and political development of West European democracy and the internal contradictions in its political doctrine and economic order. This resistance is most marked in West Germany, where the principle of integration is thought to have played a considerable role in the policy of German rebuilding. This principle has rendered possible the revival of West German military power and West Germany's inclusion in the economic development of Western Europe on a very favourable basis. The system of integration does away with the suspicion and mistrust which would otherwise, on the supposition of the establishment of a separate national institution, be provoked in West Germany's partners on account of the rapid development of her economic and military potential.

De Gaulle's European ideas are received unfavourably also in view of his attitude towards the problem of co-operation with Great Britain. This attitude is unwelcome to some of France's allies (especially West Germany) because they are afraid it may affect the co-operation of the Common Market with the free zone, which is now one of the main reasons for disagreement among the West European countries in the domain of economic relations. De Gaulle does not show much interest in seeing an agreement reached between these two groups, while some other members of the Common Market, including West Germany, are making great efforts to find a formula to do away with unwelcome economic competition among the military allies.

Concentrating on Little Europe, de Gaulle does not allot any special role to Great Britain in the conduct of European policy. He does not say so expressly, but it is implied in the context of his declarations. He has postponed the talks with Great Britain to a moment when the most favourable occasion presents itself. It would be difficult to assess with certainty whether he excludes Great Britain because he has decided for Little Europe or he has decided for Little Europe only for the sake of excluding Great Britain from his programme for the organization of European co-operation. This, of course, does not mean that de Gaulle is excluding his northern ally from all European co-operation, or from co-operation in the

normal field of mutual relations or bilateral or multilateral contracts, but it does at least mean that he does not take this ally into consideration in the development of his European programme. This programme clearly shows a tendency which he does not attempt to conceal, and which is that France should take over the leadership in the Western policy of Europe, in which a too close co-operation with Great Britain might hamper her. This is perhaps one of his motives for the restriction of the influence of the British factor, one of the eternal rivals of France in European politics.

THE BUILDING OF SOCIALIST YUGOSLAVIA

By Franjo Tudjman, published by "Naprijed"
Zagreb 1960

Among the voluminous literature on the preconditions, development and results of the People's Liberation Struggle in Yugoslavia, Franjo Tudjman's study, *The Building of Socialist Yugoslavia* assumes an outstanding place.

The author of a detailed survey of the partisan struggles from the very beginning ("War against War"), in which he demonstrated his qualities as a studious military theorist and a gifted political writer, Tudjman handles a theme which, in many respects, originated in a natural way from his first work. But the problems the author faces in his new work are wider and more complex. If his first book was marked in some degree with the characteristics of pioneer work based on interesting historical retrospection, his second book deals with a topic which has been treated from many in Yugoslavia.

Thus, to have a *raison d'être*, the book had to fulfil at least one of the following requirements: to treat from a specific aspect a matter which is well known; or to distinguish it from similar studies by fuller documentation and a more systematic approach.

It may be said that the value of Tudjman's study lies not only in the author's offering of a complete and well-documented survey, but in his endeavour to feature the whole process of evolution of socialist Yugoslavia, within a scope ranging from the analysis of the social, economic and political constellations in prewar Yugoslavia, to an assessment of all the internal and external components of the development of the People's Liberation Struggle and the socialist revolution as an undivided process of revolutionary transformation which, under the leadership of the Communist Party of Yugoslavia, advanced on the enkindled soil of Yugoslavia in the days when this movement, permanently keeping in check thirty to sixty fascist divisions, was an integral part of the battle front of the anti-Hitlerite coalition. While the latter renders the book a valuable study on the character and nature of the revolutionary struggle of the Yugoslav peoples, the former gives it an important place in the historical bibliography of the People's Liberation Struggle.

R. K.

Increased Exchange of Goods Between East and West

By Ljubiša ADAMOVIĆ

BOTH in theoretical treatises and practical analyses of the market trends, trade between East and West has long been treated as a whole. The result of the political and bloc division of the world, especially of the carrying of the cold war policy into the domain of international economic and trade co-operation, this exchange is exposed to the influence of the trend prevailing in international politics. But the rhythm of the development of international political and economic relations has brought about changes which render it impossible to assess regularly the course of trade between East and West. It was, therefore, necessary to provide each analysis with proper and exact definitions, in view of the metamorphosis in the East-West exchange of goods. Thus, we may speak today of several theoretical conceptions of the foreign trade relations between groups of countries, and of the number of the countries participating in each of two groups. This trade may be understood today as transactions between all the countries of the Socialist Camp on the one side, and all other countries on the other. Another aspect is the exchange of goods of the U. S. S. R. and the East European countries with the countries of Western Europe, leaving China, North Korea, the People's Republic of Mongolia and North Viet-Nam in one camp and the U. S. A. and the remaining countries in the other. At the same time, countries with rising economies, especially those which are not aligned to military or political blocs, may be included in the Western group, though this need not always be the case. The theoretical analysis of these differentiated categories of East-West exchange furnishes further arguments for differentiation. On the one hand there are the relations between the countries where socialism is being built and the developed capitalist countries, and on the other relations with the underdeveloped countries where economic progress is advancing at a rapid pace.

Before the intensification of the process of integration of the West European countries included in the Common Market and the European Free Trade Area (EFTA) East-West trade could be treated as a specific phenomenon. But since the formation of these two West European groups it has assumed a peculiar character. We are increasingly justified in regarding it as a course of trade exchange reflecting the movement of the exchange of goods between the individual integrated regions. For, according to the criteria of economic technique there exist common features (expansion of production in general and of industrial production in particular, large-scale application of new techniques etc.) in all the three groups, viz. EFTA, the Common Market and SEV (Council for Reciprocal Economic Assistance).

The essential difference in the foreign trade of the two West European groups and SEV results from the absolute necessity of foreign trade expansion to ensure the normal process of reproduction in the capitalist countries, while in socialist countries this is not the case.

Hence the trade between East and West, especially if the present trend continues, should also be regarded as a channel through which the integrated regions in Europe are being brought nearer to one another.

II

The course of the trade between East and West is above all a reflection of the political changes in Europe. But there exist convincing arguments that in view of the economic development in the East European countries, there would have been serious obstacles to trade between these two European regions even without these political changes. Before the Second World war this region in European trade was primarily a supplier of raw materials and food (with some in the case of Czechoslovakia and Poland). But the process of speeded-up industrialization which, in its initial stage, leads to reduced stocks of traditional export goods without yielding products of skilled workmanship, or, if yielding them, without automatically securing outlets for their sale, raises the problem of the accommodation of the European countries to such changes. Thus, by the logic inherent in this development, some of the open questions of the East-West exchange of goods do not owe their origin to political causes in the proper sense of the word. The fact that such structural changes occur also in altered social and economic conditions, only aggravates the difficulties which have to be dealt with.

This survey is chiefly concerned with the exchange of goods between East and West on European soil. This method of approach is justified by the fact that the whole problem has arisen and has undergone its most conspicuous metamorphosis on European soil, which has the largest share in the exchange of goods between countries with different social and economic systems.

One of the basic factors in the trade between East and West is the inter-relation of the events on the scene of international politics and their repercussions on the exchange of goods. If the extent to which foreign trade policy is incorporated in the general foreign policy of the countries today is remembered it is not surprising that all this should have a special bearing on the trade between East and West.

The statistics of the movement of the exchange of goods in recent years present a rather optimistic picture, not so

much in respect of the absolute value of the exchange as of the character of the trend. Previous oscillations, especially those of the last three years, may be said to have had no direct influence on the decline or reduction of the exchange of goods. This refers to the favourable trend after Camp David and the period after the collapse of the Paris Summit Conference alike. In other words, there exists a continental tendency to increase the exchange of goods between the countries of Western and Eastern Europe. In 1959 the value of the exports from the East European countries and the Soviet Union to the countries of Western Europe amounted to 2,062 million dollars, as against 1,856 million in 1958. The import of West European products into East European countries showed a growth from 1,521 million dollars in 1958 to 1,710 million in 1959. According to the figures from the first six months this year, the exchange of goods between these two regions reached a record volume. In comparison with the same period in 1959 the import into Eastern Europe from the West European countries was raised by one third, and the export to the West European countries by one fifth. This considerable increase is the result primarily of the enhanced foreign trade activity of the U. S. S. R., whose trend is one of the basic factors affecting the whole region. According to the estimate of the European Economic Commission, the share of the U. S. S. R. in the East-West exchange in Europe increased from 42 per cent in 1958 to 46 per cent in 1959. In the group of West European countries, Western Germany, Great Britain and France are the leading partners, but Italy has now prospects of playing a more important role. As regards further increase in the exchange, the growth of its rate is not likely to be more constant than in the first six months of this year.

In connection with the structure of the exchange of goods it should be pointed out that the structure of foreign trade in Eastern Europe, with the exception of Czechoslovakia and Eastern Germany, greatly differs from that of the industrially developed countries. In other words, the bulk of the exports from Eastern Europe consists of raw materials, foodstuffs and semi-finished goods, while finished goods, especially industrial equipment, constitute the bulk of imports from Western Europe. A characteristic feature is the increase in purchases of equipment for the chemical, textile and some other processing industries, and of finished products for mass consumption. It is beyond doubt that relaxation of international tension would greatly stimulate purchases of equipment for the light industries, and of finished goods for large-scale consumption, as reduction of other expenses would enable the population to increase their consumption.

As the process of economic integration is in progress in Western and Eastern Europe, there is the question of its relation to the expansion of exchange of goods, and of its influence on this. In this respect there are not yet such specific elements as would justify the examination of the relations of the integration spheres (SEV, the Common Market and EFTA) to the exchange of goods between East and West. The fact that this exchange is growing does not show the extent to which this growth has resulted from the processes of integration. The member countries of the Common Market represent the most important group of West European countries in the exchange with Eastern Europe. Some hold the opinion that the development of two integration groups in Western Europe may have a favourable effect on exchange between East and West. Both West European groups will, in view of an eventual decline in the volume of exchange when the uniform custom tariff of the countries included in the Common

Market becomes effective, have to secure increased exchange with the other parts of the world, including the countries of Eastern Europe. As regards the SEV member countries, they show a marked tendency towards increasing their exchange of goods in general, not only within their own bloc but with third parties too.

The difficulties in the way of increasing the exchange of goods are partly due to elements of a purely institutional character; which arise in the contact of Western foreign trade organized on the basis of private capital with the state monopoly of the foreign trade in the countries of East Europe and the U. S. S. R. When analyzing these difficulties of course we do not take seriously the absurd arguments of the extremely conservative circles in the West, according to which any trade with the East European countries is in fact rendering assistance to the military and economic potential of the enemy. This point of view has recently been revived by Mr. Erhard, West Germany's minister of economy. The fact that his demand for breaking off trade relations with the East coincides with new illustrations of the strengthening of West German militarism cannot be passed over. In view of the fact that bilateralism was flourishing in the Western countries until quite recently, while convertibility and multilateralism were lacking, it is not difficult to see what obstacles must be overcome before increasing the exchange of goods between East and West, the less so as the basic criteria — the structure of prices and

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production costs, and consequently the foreign exchange rates based on them, are extremely divergent.

Where can the elements supporting a future increase in the exchange of goods between East and West be found?

Leaving apart the element of a general improvement of the political juncture in the world, the results reached so far in the foreign trade policies of the countries which participate in this course of exchange should be emphasized. In the countries of Western Europe the weakening of the regime of control and embargo on the export to Eastern Europe of certain commodities has been carried further. At the session of the Co-ordination Committee for the Control of Trade with the East European countries and China, which took place in Paris in July last, there was open disagreement among the COCOM member countries (all the NATO members and Japan, except Iceland, are included in COCOM) first of all on account of the system of crediting exports for the deliveries to East European countries, which is increasingly applied by the West European countries. (On this question there was a discussion between the representative of the USA on one side and the representative of Western Germany on the other). This tendency towards the relaxation of restrictions on trade with the East is accompanied by efforts of the East European countries and the U. S. S. R. to secure a great number of long-term trade arrangements. Their character alone makes such arrangements an inducement for a steadier exchange

within the framework of bilateral relations. If the conclusion of long-term arrangements does not in itself make the exchange between East and West immune against eventual crises, the fact remains that the stronger the basis and the longer the terms for co-operation, the graver the reasons must be for breaking it off or slackening it down.

Should such arrangements be nevertheless cancelled or left unfulfilled without grave reasons, the partner who favours such negative tendencies is likely to lose his reputation in international trade.

But all the participants in the exchange between East and West are anxious to uphold their reputation, especially in the era of competition between their two systems.

The foreign trade policy of the U. S. S. R. strongly reflects the changes leading to the widening of economic co-operation with the countries of Western Europe (purchases of licences, contracts on scientific and technical co-operation) in general, and on the plane of foreign trade in particular. The process of economic expansion in the West European countries and the high rate of economic growth in the countries of Eastern Europe are in themselves preconditions which will after inevitable accommodation to the new structure of exchange, confirm in this domain too the tendency towards increased exchange between countries with a higher level of economic development.

YUGOSLAVIA TODAY

Development of Credit Policy and Banking Organization

By Zoran POLIČ

IN conditions of market economy credit plays a decisive role and if, in addition, the economy is planned as it is in Yugoslavia, credit is one of the most important instruments of this policy, and the crediting system an instrument for facilitating harmonious economic development and for linking the economic areas into a whole.

In view of this function, credit is a very delicate economic factor, which we cannot easily apply or modify without affecting the whole economy, and this means that any changes in this field must result only from changes in the whole economy, as a reflection of the development of both economic and social relations. In fact, the reorganization of the banking system should be only an adaptation of this mechanism to the changed conditions in economy.

In social relations in recent years the role of the citizen-producer has assumed growing importance in Yugoslavia, and this means that decentralized management plays an increasingly important role in all the fields of social life. But workers' self-management in the economy, along with self-management in other sectors of social life, which is reflected in the growing assignment of self-managing rights to the communes, should

now have an adequate material base. Thus decentralized distribution of funds in the Yugoslav economy is becoming an integral element of socialist relationships in production, and the fact that development is progressing in this direction is proved by the movement this distribution has shown so far. So, for instance, the federation distributed about 40 per cent of the national revenue in 1959. The rate in the previous year was 44 per cent while in 1960 it was below 40 per cent.

In this manner the earning of funds is increasingly linked with the right of distribution, that is to say, with the right of determining the fate of these funds. In the crediting system the tendency to retain the funds in the areas where they were earned demands radical changes to ensure that such funds should not be returned indirectly in the form of credit, but should serve in a direct way for the purposes of the economy in their areas. On the other hand, these changes should secure an adequate inter-flow of the funds earned in different economic areas, taking into account the priority of the needs, as well as the unity, of the Yugoslav market.

Thus this mechanism will maintain its decisive role even after the carrying into effect of the changes planned in

the crediting system, in respect of the regulation of the market in general through the financing of production and the turnover of goods financed from bank funds, as well as the regulation of total sum by the classical methods for its increase or reduction. But these new conditions, brought about by the intensive development of the economy, require not only greater speed in the turnover of credit funds but the most direct way of granting credits and the widest possible interflow of the aggregate sum. This calls for the reorganization of the banking system, which should remain an inseparable part of the economic system but, as its most sensitive mechanism, it must follow its development in every respect.

The precondition for the successful application of the new elements in the crediting system is the successful development of the economy. The implementation of the planned changes in the crediting system without changes in production results would be impossible because the essential condition for the implementation of these measures is the increased participation of the local factors in the distribution of the total earnings, which would be unfeasible in a stagnant economy.

I believe a few figures will suffice to show that the material conditions make it feasible to carry the planned changes into practice.

According to the five-year plan, the increase in the national revenue should amount to 154.4 in 1961 in relation to 1956 (taking 1956 as 100).

But according to the latest estimates, we shall reach 162.2 in 1960, which means that in the period from 1957 to 1960 the annual growth of the national revenue averaged 12.5 per cent, while from 1948 to 1960 this increase amounted to 7.2 per cent. The chief credit for this growth of the national revenue is due to industry. We had planned to increase industrial production by 70 per cent in the period from 1957 to 1961 (the period covered by the five-year plan) but we had already reached this rate in 1960. Thus the annual rate of growth averaged 14.2 per cent in the period from 1957 to 1960, while in the period from 1948 to 1960 it amounted to 10.7 per cent. In 1960 a growth of 16 per cent will be recorded, as compared with 1959. Thus the material conditions, which facilitate (and demand) changes in the credit and banking system, will be secured.

The planned changes refer first of all to the communes. When the directed producers increasingly take the initiative whose material base will be created through their participation in the distribution of the earnings, we shall find that a commune with its economic organizations and all its communal institutions, including the communal bank, which is to become the basic instrument of the banking system, should be regarded as a business community effecting its transactions as independently as possible. In the banking system this business community should carry out its transactions independently from the central bank whenever this is possible. By this, the unity of economic activities in the commune will be strengthened. In fact, the commune is growing into a source of initiative by which the citizens influence the development of all aspects of social life. It is within its framework that the co-operation and the interest of everybody in the most urgent problems of everyday life and the development of the necessary economic and other activities is displayed most efficiently. Another essential feature is that the most efficient and most direct control of the citizens concerning every activity which has a bearing on their living conditions is exercised through the commune. In view of its role, which will be still more important

in the future, we feel that the commune is likely to play a decisive role in the settlement of credit relations.

Within the framework of the commune or, in other words, through the communal bank, it will be possible to utilize the available bank funds in a more adequate way, particularly by a more efficient mobilization of the funds and a quicker reaction to demands for credit.

More or less centralized assessment as well as the direct granting of credits as applied hitherto has often checked the economic process itself. This was undoubtedly the reflection of problems unassessed in the respective economic organizations and of the administrative approach to them.

The new measures do not mean replacing one kind of administrative solution by another on a higher level. They mean that the relations of the administrative organs and the banks should be changed so as to enable them to act in the new conditions as efficiently as possible, i. e., in the most independent way. Hence we must reduce the role of the people's committees in their relationship with the communal banks to such an extent as to secure the free disposal of the funds they have entrusted to the bank, without allowing them to interfere with the latter's operations except if these are opposed to the general intentions of the communal policy. But only the determination of these rights by law will guarantee the communal bank an adequate means of transacting business and secure the economic organizations and local self-governments the initiative and leadership in their development, while the federation, with its plan and other general regulations, will only guide the general development of the community.

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Thus planning must also be considered in connection with the credit policy. But neither in the five-year plan nor in the annual plans have credit problems received special attention as yet. The credit balance was the result of fixed relations created by the plan, but its basic elements were not contained in it. The new relations we wish to establish by the larger participation of the decentralized organs call for the basic conditions of the credit balance to appear as constituent elements of the plan, so that the desired guidance may be secured through them too. Moreover, the plan of the federation should stipulate the concrete elements of credit operations, such as the rate of interest, the percentage of obligatory reserves, the extent of increase in the credit volume, the basic course of investments etc. Some of these instruments, such as the interest rate and the obligatory reserves to be deposited with the National Bank, will be fixed while others will be only suggestions, such as the extent of increase in the credit volume, and the course of investments. The banks will also have to observe these suggestions when setting up their credit balances, in order to secure the implementation of the social plan in its basic proportions. The general credit policy to be determined by the federation becomes thus a constituent element of the social plan, as the basic instrument for general guidance, and between the direct management in the communes and the general guidance through the social plan there will be no contradiction but interdependence. Unless a concrete economic policy is adequately implemented in the communes, general guidance will be purposeless. On the other hand, the direct executors of this policy, whether economic organizations or communes, would lose direction in the long run if there were no elements of general guidance, through the social plan of the federation, to secure the gradual building of a proportionately developed, homogeneous economic area.

This is all the more important as the new organization of the banking system carries within itself the danger of issuing money on a broad front unless it is checked by instruments which have not yet had a decisive role in the credit system, such as interest, obligatory reserves etc. Besides this, a great deal will depend on the criteria for granting credits, which must be as uniform as possible, despite the decentralization of credit granting. Only in this way will credits be an active factor in the implementation of the general economic policy.

CHANGES IN THE ORGANIZATION OF THE BANKING SYSTEM

The need for changing the organization of banking is the result of certain changes in the credit policy. In this respect the following essential innovations are expected:

The communal banks will become the basic creditors, who may use the funds of their own clients as well as credits obtained either from specialized central banks or from the National Bank, to cover the credits they grant. The communal banks are entitled to have branch offices for certain transaction or economic fields, such as savings and farming. Independent savings-banks may be established too. The communal people's committees will be the founders of the banks. Every commune may have its bank, but one bank may also be shared by several communes. Except for the founding of the banks and the handling of their own funds, the communes will have no great influence on the transactions of the bank. Every communal bank will have a board of management, and it will probably be necessary to secure in principle the participation of all important economic organizations in the area concerned.

Thus the bank will concern them not only as a depository for their funds but also on account of their participation in its management. The political territorial units (the communes and districts) will be able to organize their own special crediting boards to control the means belonging to them in the form of social funds for investment loans to be granted by the communal bank — as a service organization — to the beneficiaries according to the instruction of the crediting board.

On the other hand, the National Bank will remain in operation but with somewhat modified functions. It will no longer handle direct crediting of economic organizations, but will have connections only with other banks. The National Bank's basic concern will be the issuing of money, the carrying out of the measures provided for by the Federation's social plan, the handling of federal funds, and the preparation and implementation of the basic conditions of the federal credit balance.

Between the National Bank and the communal banks there will be specialized central banks for various fields (foreign trade, agriculture, industry etc.) which will be formed according to need and will secure credits for the economy, either direct or through the communal banks. The specialized central banks will dispose not only of the funds they have earned themselves, but of the means obtained from the federal funds (from the General Investments Funds etc.) and the credits received from the National Bank on the basis of their mutual business relations. The specialized banks will also have managing boards elected from panels of the chambers of trade, economic associations and economic experts. They will remain fully entitled to carry out transactions with foreign countries, which means that they will be able to conclude independent arrangements with corresponding organizations abroad, give guarantees for foreign credits to economic organizations, and perform all other operations pertaining to the banking business with foreign countries.

In the new organization of the banks the position of the workers' collective will be regulated correspondingly. Every bank will have a council of its worker's collective, which will attend to the efficient performance of all tasks in the bank, the improvement of transaction technique, as well as to all matters concerning earnings, working discipline, assignments of posts etc. The material stimulus for the work of these councils will be afforded by the funds the banks will earn through their fees for the services rendered to their clients. This will certainly contribute to rational and efficient work in the banks, since by performing the tasks quickly and successfully money will be saved and resources for the remuneration of the collective and the solution of other problems for which the banks need financial means, will be increased.

The councils will not interfere with the role of the managing boards or the directors, as each of them will have a field of work clearly defined by law.

Efficiency will also be stimulated by the new regulations, which enable the economic organizations freely to choose the bank for depositing their free funds, although they should keep their current account in their own district bank and they will certainly choose a bank known for its efficiency and its successful transactions.

It should be emphasized that the changes in the credit system should not be regarded as separate from certain primary problems which are facing the Yugoslav economy. Success in this field greatly depends on other changes demanded by the present level of economic development. This pertains in the first place to the new relations in the distribution of the

total earnings, which should enable economic organizations to speed up the creation of resources for their own funds and lead to the unification of the funds of the basic means and current means in the economic organizations, as well as to the treatment of amortization in a free way, and should put the economic organizations on an equal footing in respect of the starting funds for current resources etc. These are big problems which, along with the announced currency reform, are facing us on the eve of the preparation of the new Five Year Plan. Their solution asks for a dynamic development of the economy, but thanks to the still unassessed potential power inherent in the new social relations of the socialist system, they will be solved just as successfully as the chief tasks of the previous Five Year Plan, which, to the surprise of many, were performed within four years.

Finally, it should be pointed out that in the new situation created by the decentralization of the funds in favour of the economic organizations, or communes, it will be still more necessary to control efficiently their actual utilization and to prevent any attempt to use them for an unintended or unjustified purpose. By the strengthening of this control the system, beginning with planned guidance and ending with distribution and spending in the communes or economic organizations, will be linked together.

DOCUMENTS

Excerpts from President Tito's Statement

In his statement for Yugoslav public released on the occasion of the 15th anniversary of the proclamation of Republic President Tito said that the socialist forces in Yugoslavia are the decisive factor which has made it possible for the country to achieve singular results and overcome major difficulties in a comparatively short post-war period. The socialist forces, led by the League of Communists and the Socialist Alliance of the Working People of Yugoslavia, developed enormously. By continuously developing their revolutionary élan inherited from the period of revolution, these forces found expression in their self-denial, broad initiative and great zeal of the whole people of Yugoslavia, especially workers, working peasants and youth.

President Tito stated the fact that the transformation of power on behalf of the working people into power of the working people simultaneously with the raising of the country from its backwardness and development of its productive forces, was the most impressive proof of the correctness of Yugoslavia's policy.

President Tito quoted numerous data on the rapid post-war development in all fields, emphasizing that from a backward agricultural country Yugoslavia had become a new socialist State, industrially developed and with firm foundations which provided for the further comprehensive development.

The instrument of this control, which is at the same time a cohesive element in the whole economy, is social accountancy, which was established by a special law last year, but which, on account of certain shortcomings in the economic system which are now being removed, could not be fully implemented. The organs of social accountancy work independently and without administrative interference. They control and analyse, furnish the necessary information to all parties concerned (administrative organs, organizations and banks), and above all they see to it that every economic organization and political territorial unit disposes only of its own funds.

With these changes, and with the increased activity of such organs as social accountants, we shall develop further our economic system in the direction of freeing the economy from administrative brakes, thus strengthening the role of the direct producers and of self-managements. This again implies the strengthening of the basic forces that are the most called upon to contribute to the future socialist building of Yugoslavia. An adequate system in every field being the precondition for the successful mobilization of the basic social forces, we believe that the changes in the crediting system will be a contribution to the progress of the economy, especially in the form of further increase in the national assets, which will expedite the growth of the living standard of the working people—the basic principle of socialist building.

It can be said with certainty, the President declared, that such a rapid pace of development and the successful overcoming of difficulties encountered by Yugoslavia in the past period, could not have been possible without the rallying and organizational role of the working class, which achieves its full affirmation by the introduction of the workers' management system. By proving practically the Marxian thesis on the possibility of complete socialization of means of production, Yugoslav experience was doubtless giving a significant contribution to the further development of socialist thought and practice in general.

President Tito pointed out that Yugoslavia had made a historic step in the development of socialism, which changed the attitude of direct producers towards the means of production, by deciding to introduce, management of factories by workers towards the end of June 1950 that is, to introduce, workers councils in enterprises. The system of workers' and social self-government has been improved from year to year by the granting of ever greater rights to the bodies of management. This system has been extended parallelly to education, culture, social, health and other services.

Thanks to the fact that the direct producer has also taken charge of the means of production, declared President Tito, the initiative of the work collectives and individuals is developing

powerfully. The introduction of management by workers does away with the elements of hired labour relations, while nearly two thirds of the Yugoslav national income remain at the disposal of direct producers. In the last ten years every tenth worker and office employee in Yugoslavia has been member of a workers' council.

The worker in production does not only decide about the work of his collective but also about the development of the whole country, as he is represented in both the factory workers' council and in the bodies of government, from the commune to the highest organs.

By introducing the communal system, towards the end of 1955, Yugoslavia took a new step in the further process of decentralization and democratization of the economic and social life, the foundations of which were laid by the creation of workers' councils.

President Tito said the best illustration of Yugoslavia's rapid transformation into an industrially developed country was the fact that during the past 15 years, the pattern of her population had changed so that the number of people working in agriculture was at present less than 50 per cent of the total number of population, whereas it had been 75 per cent in 1939. Cities had expanded, new industrial centres had been created, the number of workers and city dwellers had increased. About one million new workers had been employed in the social sector of economy during the past six years.

While in the 1951-57, respectively 1958 period the average annual rates of increase in national product were 2.5 per cent in Sweden, 2.2 per cent in Britain, 2.5 per cent in Belgium, 3.9 per cent in France, 6.9 per cent in West Germany, 5.1 per cent in Italy, 8.6 per cent in the Soviet Union, 5.8 per cent in Czechoslovakia and Poland, and 8.9 per cent in Bulgaria, the national product in Yugoslavia was increasing at approximately 9 per cent a year in the period, and later at 12 per cent.

President Tito said the volume of Yugoslav industrial production was now four times bigger than the pre-war volume. In the past period industrial production was expanding at a rate which was among the highest in the world. Production in engineering, metallurgy and heavy industry, for instance, was nine times bigger than before the war, in chemical industry, electric power generation and ferrous metallurgy by over seven times, in industry of production equipment by nearly 15 times, and in industry of consumer goods by over three and a half times. Yugoslavia's industry was now in a position to satisfy the increased and different requirements of her entire economy, to produce more and more for foreign markets and to supply the home market ever more fully with goods for personal consumption.

President Tito noted that Yugoslavia's industrial development was entering a phase of technological revolution characterized by the introduction of new technical and technological solutions in the process of production, which are based on achievements in automation, electronics and nuclear technology.

Speaking about agriculture President Tito recalled that after the war, this economic branch had had to stagnate or to develop slowly for almost more than a decade because of the advantage having been given to industry to create the basis of industrial development. During the past three years, however, agricultural production was expanding vigorously. Its annual rate of increase was 5.6 per cent between 1953 and 1957, and 10.8 per cent between 1957 and 1960. Such a high rate of increase in agricultural production, achieved largely under un-

favourable weather conditions, was among the highest in the world ever.

The rapid pace of development of agricultural production was possible primarily as a result of Yugoslavia's decisive orientation at the modernization of production in this economic branch by means of public investments, exceeding 100,000,000,000 Dinars a year; next, the creation of socialist agricultural organisations, those vital factors in increasing agricultural production, and co-operation between these organisations and individual agricultural producers.

The achieved level of agricultural production had made it possible for Yugoslavia to take such a major step as to stop importing wheat, fat and sugar.

According to the data outlined by President Tito, Yugoslavia's investments amounted to 27 per cent of her national product almost throughout the past fifteen-year period.

In spite of various difficulties, national income in Yugoslavia was growing at approximately 7 per cent a year between 1948 and 1960. The average income per capita was now 360 dollars compared to 100 dollars before the war. Between 1957 and 1960 the national income was growing at 12 per cent a year.

Continuing to speak about the past few years, characterized by particularly vigorous economic activity, President Tito said that in 1959, for instance, consumption was 38 per cent up on 1956, while the real wages had increased by 41 per cent.

Illustrating the country's overall development by many examples and facts, President Tito said, among other things, that Yugoslavia, one of the least developed countries in Europe at one time, at present had over 18,500 elementary and secondary schools and more than 260 high and advanced schools; 95,000 students had graduated in the past nine-year period alone compared to the total of 30,000 for twenty years in pre-war Yugoslavia.

The principle of respect and realization of the national minorities' right to comprehensive development was carried out consistently in Yugoslavia's educational policy. For example, 200,000 members of national minorities attended schools with instruction in their mother-tongues during the 1958-59 term. In the Autonomous Region of Kosovo and Metohija, which before the war had no school with instruction in Shiptar for more than half a million inhabitants, there were now more than 400 schools. The total circulation of papers of national minorities in Yugoslavia at present exceeded 17.5 million copies.

President Tito pointed out that the greatness of successes achieved by Yugoslavia could be judged correctly only if the extraordinary difficulties she had to overcome were taken into account. Yugoslavia's socialist development had begun under the exceptionally unfavourable conditions of inherited economic underdevelopment, dependence on economies of other countries, effects of the war devastations, etc. Considerable difficulties had also been created by the economic blockade and other forms of pressure on the part of East-European countries. Besides, the country was hit by several successive drought periods, some of them catastrophic.

In the coming five-year period, President Tito went on, Yugoslavia will continue to pursue her policy of accelerated economic development, further promotion of the living conditions of people and development of socialist relations in society. Speaking about future tasks he, among other things, stressed the need for the further advancement of productive forces, raising of the productivity of labour and development of underdeveloped areas. Already in the past few years industry in

underdeveloped areas was developing at a considerably quicker pace than industrial production in Yugoslavia as a whole. Now it was necessary to further lessen the differences in level of development between different parts of Yugoslavia and to ensure the strengthening of the economic foundation of unity among the peoples of Yugoslavia.

President Tito went on to announce that a new Constitution was to be adopted because the provisions of the present, passed in 1953, no longer corresponded to the level reached in social development, notwithstanding its amendment by a series of special laws in the past few years. The new Constitution, President Tito said, should primarily express the fact that the existing relations in Yugoslavia reflect that stage in socialist development, at which labour is emancipated in the sense that the citizen has the undeniable right to work and acquire an equivalent for his work, while community takes the amount necessary to maintain the common services and affairs. The point of departure in the Constitution should be man as a producer and manager, while the State should appear only as a factor of co-ordination.

President Tito said the adoption of the new Constitution was connected with the election of the new National Assembly, because the terms of office of the present Assembly and other representative bodies expire in 1962.

President Tito said in conclusion that by her efforts during the past fifteen post-war years and remarkable results in the development of the country, and particularly by her peaceful and consistent foreign policy, Yugoslavia had gained many friendly and firm positions in international relations. She would continue to pursue this line of peaceful international co-operation and struggle for the safeguarding of peace in the world.

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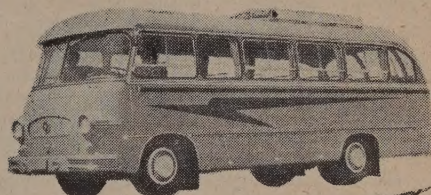
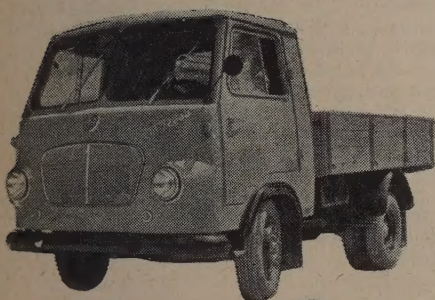
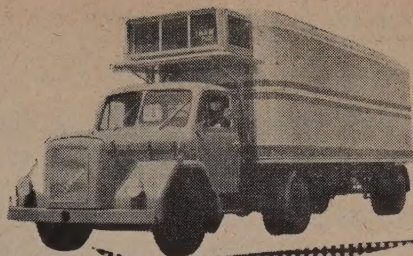
The factory exports:

Cooked ham, Cooked Shoulder, cooked pork, chopped pork, beef gulash, beef cutlets, ox tongues etc.



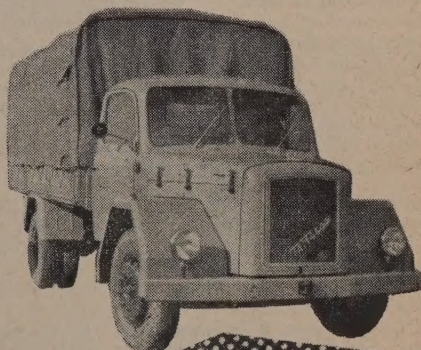
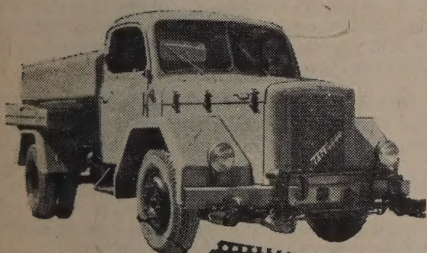
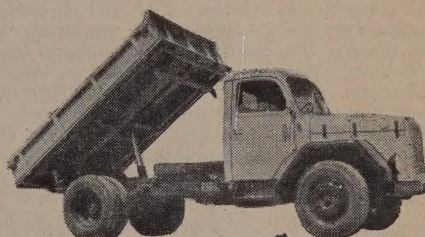
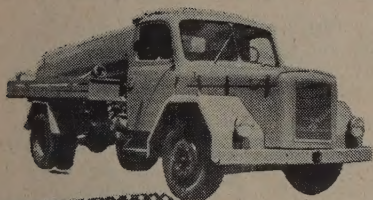


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PRODUCES

„TAM 4500“ Camions ●
„A 3000“ Autobuses ● Special Vehicles on the „TAM 4500“ Chassis such as tipping wagons, refrigerators, fire wagons, injectors, refuse carts etc. ● „TAM 2000“ Delivery vans ● „Pionir“ Motor trucks ● Motor buses with built-in „Pionir PB 56“ ● Motors



THE AUTOMOBILE FACTORY OF MARIBOR
YUGOSLAVIA

From the Press Conference

Drago Kunc, spokesman of the State Secretariat for Foreign Affairs, held press conferences for Yugoslav and foreign journalists, and answered a number of questions on current world problems.

NOVEMBER 18

Visit of Koča Popović to Austria. — "Koča Popović, State Secretary for Foreign Affairs, will pay a state visit to Austria from November 24 to 26, to return the visit to Yugoslavia of Herr Bruno Kraisky, Austrian Foreign Minister, in March this year. Their forthcoming meeting in Vienna will give the two ministers an opportunity for exchanging views on the international political situation and on bilateral relations. We believe that the talks will help to further mutual relations and to expand cooperation in all fields."

Koča Popović in Italy. — "We are pleased to be able to state that the visit of Koča Popović, State Secretary for Foreign Affairs, to Italy, will take place in an atmosphere of good relations and mutual understanding. More intensive and varied cooperation between the two countries has been recorded of late and a notable advance made in settling a number of hitherto unsolved bilateral questions. We hope that the visit and the talks the State Secretary will have with leading Italian officials will help to consolidate the existing good relations to an even greater extent and stimulate their further expansion, both in the interests of the two countries and in the stabilization of peace in this part of the world."

Resolution of Ten Countries. — "The resolution of ten countries, including Yugoslavia, in the UN Political Committee, calling for a renewal of talks between East and West on general and complete disarmament, is of vital significance in view of the importance of the disarmament issue, and constitutes a great effort towards the constructive resumption of the talks. To this end, Yugoslavia, together with nine other countries, has submitted a resolution containing sufficiently elaborated directions on general and complete disarmament. The resolution also takes into account the views and suggestions put forward in the debate so far. The adoption of the resolution would undoubtedly create an atmosphere favourable for the resumption of the disarmament talks, and this is of vast importance."

Long-term Trade Agreement. — "Negotiations are in progress on the conclusion of long-term trade agreements with Poland, Rumania and the Democratic Republic of Germany. Negotiations are also shortly to be resumed with Hungary and the Soviet Union. It has still not been agreed when the negotiations will begin, and nothing has yet been planned in this respect with Albania and China."

Developments in Laos. — "We are following the efforts of the Government of Laos, and all forces working for internal pacification and the consolidation of the unity of the country in line with the Geneva agreements, with attention and sympathy. We hold that it is absolutely necessary to prevent any foreign interference, for experience in Laos so far has shown that foreign pressure, in any form whatsoever, has not only created internal difficulties but has also led to the deterioration of the situation in that part of the world."

South Vietnam. — "With the aim of solving the problems of this region and preventing a further aggravation of the situation, it is necessary that all countries, particularly the great powers,

should adhere to the provisions of the Geneva agreements and refrain from exerting any pressure or interfering in the internal affairs of the country."

On Chinese Press Attacks. — "The abuse made of the anniversary of the October Revolution for launching fresh attacks against Yugoslavia has revealed that the adverse practice of exploiting even the state holidays of other countries in carrying out an anti-Yugoslav campaign, is being continued. The mentioned attacks are an extension of the campaign China has been waging against Yugoslavia for more than two years. The fact that China has of late increased her denunciations of Yugoslav views on peace and coexistence, and also of Yugoslavia's constructive activity at this year's session of the UN General Assembly, is characteristic of the aims and motives of this campaign."

Elections in USA. — Asked by the diplomatic editor of Tanjug to comment on the results of the elections in the USA, i.e., on the election of Senator Kennedy as President of the USA, the spokesman for the State Secretariat for Foreign Affairs replied: "I have no intention of making any comment on the electoral results, since this is an internal matter of the USA. I wish, however, to stress the hopes and expectations of the Yugoslav Government that, through bilateral efforts, the good relations between the USA and Yugoslavia will continue to develop. The present complex and grave world situation makes it imperative that all should exert the maximum effort in order to remedy it. We are confident that the new President of the USA and his administration, heading one of the greatest world powers, will exploit all opportunities and make every effort to improve relations in the world and ensure a peaceful settlement of urgent world problems."

NOVEMBER 25

Visit of Edvard Kardelj to UAR. — "The news that Edvard Kardelj, Vice-President of the Federal Executive Council, will pay a visit to the UAR is true. The details of the visit will be made public in the course, and we firmly believe that it will be another step ahead in the expansion of friendly relations and close cooperation between the UAR and Yugoslavia."

Tito in Africa. — "President Tito has been invited to visit several African countries, and the invitations have been accepted with pleasure. However, we are unable to say whether any concrete steps have been taken."

Developments in the Congo. — "The acts of violence and armed attacks of Mobutu's soldiers against UN forces, which coincided with the out-voting in New York, are part of the support Mobutu receives from abroad. The aim of this is to obstruct and prevent the reaching of a constructive solution to the crisis in the Congo. The question of the numerical strength of the UN forces in the Congo is not of vital significance. However, the concessions made in face of Mobutu's threats and blackmail, as confirmed by developments, and as might have been expected — only encourage his detrimental activity. In any case, it is obvious that the crisis in the Congo cannot be solved without relying, first of all, on the national forces in that country. As a result of foreign interference and attempts to impose various solutions, the present situation in that country is worse than it was when the UN forces first arrived there."

Activity of the Secretariat of Afro-Asian Solidarity. — "The activity carried out by the Secretariat General of Afro-Asian Solidarity against military pacts in Asia and Africa is a constructive one. The Yugoslav view on this question is well-known, and the Yugoslav Government holds that the abolition of military bases and military strongholds on the territories of third countries would also greatly benefit the disarmament negotiations and the preservation of world peace."

Statement by General Norstad. — "We have stressed several times that any expansion of the number of countries possessing atomic and rocket armament, in whatever form, would merely render the world situation even more tense and create fresh difficulties in the negotiations on disarmament and the banning of nuclear tests. General Norstad's suggestion that NATO should become the fourth nuclear power should be judged in the light of these views."

Our Current Account

**"THE REVIEW OF INTERNATIONAL AFFAIRS"
HAS CURRENT ACCOUNT AT THE NATIONAL
BANK AND IT READS**

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Meetings and Talks

OFFICIAL

Koča Popović in Vienna. — Koča Popović, State Secretary for Foreign Affairs, paid a state visit to Austria from November 24 to 26. The Yugoslav State Secretary was received by Dr Scharf, President of the Republic of Austria, and Herr Raab, Austrian Chancellor. Official Yugoslav-Austrian political talks were held during the visit. The Austrian delegation was headed by Herr Kreisky, the Foreign Minister.

MISCELLANEOUS

Guest of War Veterans' Federation. — Senator Ferucio Pari, Director of the Institute for Studies of the Resistance Movement and outstanding Italian anti-Fascist, visited Belgrade in the second half of November. He had talks with prominent Yugoslav political officials and was received by Aleksandar Ranković, President of the Central Committee of the Yugoslav War Veterans' Federation.

President of International Rehabilitation Fund in Belgrade. — Following an invitation from Dr Herbert Kraus, Secretary for National Health of the Federal Executive Council, Dr Howard Rask, President of the International Fund for Rehabilitation, arrived in Belgrade on November 19. During his five-day stay he gave several lectures on rehabilitation.

Visit of Yugoslav League for Peace to Italy. — Talks between representatives of the Yugoslav League for Peace and the Italian Committee for Peace ended in Rome on November 18. Members of the Yugoslav delegation were Cvijetin Mijatović, Marija Vilfan and Miroslav Vitorović.

Representatives of Japanese Trade Unions in Yugoslavia. — At the invitation of the Central Committee of the Yugoslav Union of Mine, Metal and Chemical Workers, a delegation of Japanese metal workers and miners, headed by Mr Hideo Aizawa, member of the Executive Committee of the "Tanro" Miners' Union, arrived in Belgrade on November 22.

The Mayor of Colombo in Belgrade. — Mohamed Harif Mohamed, mayor of Colombo, stayed in Belgrade in the latter part of November, as guest of Djurica Jojkić, president of the People's Committee. He visited several public institutions and was presented with a gold plaque of Belgrade, as a souvenir of the Yugoslav capital.

PEOPLE'S YOUTH ORGANIZATION

Delegation of Yugoslav Students' Federation in Tunis. — At the invitation of the Tunisian National Students' Union, a delegation of the Yugoslav Students' Federation left for Tunis on November 21 to return the visit paid earlier to Yugoslavia by a delegation of Tunisian students.

Youth delegation in Bulgaria. — A study delegation of the Central Committee of the Yugoslav People's Youth Organization visited Sofia in the second half of November, as guests of the Dimitrov League of Communist Youth of Bulgaria. The Yugoslav youth delegates were especially interested in the activities of the village youth.

Yugoslav youths in Poland. — A delegation of the Central Committee of the People's Youth Organization of Yugoslavia left for Poland on November 22 for a ten-day visit to the Polish Village Youth Union.

Negotiations and Agreements

ECONOMY

Yugoslav economists in USA. — A delegation of Yugoslav economists, headed by Toma Granfil, Director of the Yugoslav Foreign Trade Bank, left for the USA on November 14 in order to negotiate for the expansion of mutual economic cooperation, and to investigate the possibilities of increasing Yugoslav exports to the USA.

Negotiations with France. — A Yugoslav economic delegation which has been in Paris since November 21 is negotiating with French representatives for conclusion of a new trade and payments agreement for 1961.

SCIENTIFIC AND TECHNICAL COOPERATION

Delegation of Nuclear Energy Commission in Poland. — An agreement on scientific and technical cooperation between Yugoslavia and Poland in the field of peacetime uses of nuclear energy was signed in Warsaw on November 22 by representatives of the Yugoslav and Polish Commissions for Nuclear Energy.

Yugoslav-Bulgarian Protocol. — On November 26 a protocol on the Second Session of the Mixed Commission for implementation of the agreement on road traffic, which deals with number of important problems, was signed by and between Yugoslavia and Bulgaria in Belgrade.

Agreement between Yugoslavia and Italy. — A cultural agreement between the governments of Italy and Yugoslavia was signed on November 26 in the State Secretariat for Foreign Affairs.

News in Brief

ECONOMY

Trade. — According to the first draft of the plan of prospective development of trade until 1965, about 33 milliard dinars will be invested in the Federal Republic of Croatia.

Tourism. — In the 1961—1965 period, 4,5 milliard dinars will be spent on the building of tourist and catering establishments in Macedonia.

Sugar. — This year's sugar production amounted to about 250 thousand tons, which is enough to cover the needs of the home market.

x x x. — By the end of this year, the per capita sugar production in Yugoslavia will amount to 15 kilogrammes, three times as much as before the war. By the end of the new prospective plan, in 1965, sugar consumption is to rise to 26 kilogrammes per head.

Import-Export. — Exports in October were worth 15 milliard dinars, thus exceeding the value of exports in the same month of last year by 3.4 milliards.

x x x. — In the first nine months of 1960, exports reached the value of 134 milliard dinars, as against the 112 milliards in the same period of last year.

Cranes. — The "Litostroj" Factory in Slovenia will deliver to the Indian province of Bihar several electric bridge cranes, in fulfilment of a recent order.

Power Stations. — The "Energoprojekt" Enterprise of Belgrade has signed a contract with the Government of Pakistan under which it is to draw up the basic design for a hydro-power system, one of the largest projects of its kind in Pakistan. The works contracted are worth about 100 thousand dollars.

Cement. — The "Djuro Djaković" Enterprise of Slavonski Brod, Yugoslavia, will export equipment for a cement factory with an annual capacity of 70 thousand tons, to be built in Ethiopia.

Civil Engineering. — In spite of the strong competition of several foreign firms and companies, the Government of West Bengal, India, has entrusted the Yugoslav enterprises, "Ivan Milutinović" and "Investimport", with the carrying out of extensive building work on the site where a new section of Calcutta, a city with several million inhabitants, is to be erected. The work is estimated to cost about 15 million dollars.

Transmission line. — Work on the construction of the Beirut-Avali-Markabi transmission line, 57 kilometres long, is being carried out by the Yugoslav enterprise, "Elektro Srbija".

Shipbuilding industry. — The "Treći maj" Shipbuilding yard has delivered to the "Lyras Brothers" Panamanian Shipping Company of London a 13,000 ton cargo ship.

MISCELLANEOUS

School children's Newspapers. — School children in Yugoslavia have over 600 papers and magazines of their own. They sit on the editorial boards of these papers and are concerned with the make-up, financial operation and distribution of the paper.

x x x. — Each of these papers and magazines has a large circulation some ranging up to 11,000 copies. Over 500 are published by elementary school pupils, 74 by secondary school pupils, 15, by pupils of middle technical schools and 12 by pupils of schools for skilled workers.

The Youth. — Over 5,500 young people from abroad visited Yugoslavia from January to October this year, 1,000 of whom came to study the system of workers' management, remuneration in industry and other current questions from Yugoslav practice.

Political Diary

November 15 — The Fifth Congress of the Socialist Alliance of Bosnia and Herzegovina began in Sarajevo. Vladimir Bakarić addressed the Congress on behalf of the Federal Board of the Socialist Alliance of the Working People of Yugoslavia. A report on the work and on the coming tasks of the Alliance was read by Djuro Pucar.

November 15 — A meeting of the Standing Conference of Towns was held. The position of the communal economy in the 1961—1965 five-year plan was one of the subjects discussed.

November 16 — The High School for Political Sciences was formally opened in Belgrade.

November 17 — The Fifth Congress of the Yugoslav Metal Workers' Union was held in Belgrade.

November 18 — A joint session of the Economic Committees of the Federal People's Assembly was held, at which the draft laws on the new organization of Yugoslav Railways and the Post, Telegraph and Telephone Services were discussed.

November 23 — The Educational Committee of the Federal People's Assembly held a session at which it reviewed the problem of the preservation of cultural and historical monuments.

November 24 — The Congress of the Socialist Alliance of Serbia took place in Belgrade from November 24 to 26. Ivan Gošnjak greeted the Congress on behalf of the Federal Board of the Socialist Alliance of Yugoslavia. Jovan Veselinov read a report entitled "The Role of the Socialist Alliance of the Working People of Serbia in the Development of Socialism".

November 25 — Mitar Bakić, Secretary of the Federal People's Assembly and Member of the Central Committee of the League of Communists of Yugoslavia, died in Belgrade after a long illness.

November 25 — An interview given to Tanjug, the Yugoslav news agency, by Veljko Zeković, Secretary of the Federal Executive Council, on the planned changes in the remuneration of public employees, was published in the Yugoslav press.

November 26 — Avdo Humo, member of the Federal Executive Council, held a press conference at which he expounded the postulates of the new Five-Year Plan.

November 27 — Sections of the motor road of Brotherhood and Unity in Serbia and Macedonia were solemnly opened to traffic.

November 29 — The fifteenth anniversary of the proclamation of the Republic was celebrated in Yugoslavia, and President Tito made a declaration to the Yugoslav public.

Diplomatic Diary

November 16 — President Tito received Mr Michitoshi Takahashi, the newly-appointed Japanese Ambassador to Yugoslavia, who presented his letters of credence.

November 17 — President Tito received a farewell visit from Senor V. L. Benítez Cleveria, outgoing Mexican Ambassador to Yugoslavia.

November 25 — By a decree of the President of the Republic, Jože Zemljak has been appointed new Yugoslav Envoy to Israel.

Our New Contributor

ZORAN POLIČ: Member of the Federal Executive Council; Deputy in the Federal People's Assembly, former Under-Secretary in the State Secretariat for Finance of the Federal People's Republic of Yugoslavia, former Minister of Finance in the People's Republic of Slovenia, and member of the Executive Council of Slovenia.

Review of INTERNATIONAL AFFAIRS

CONTENTS:

Politics and Good-Neighbour Relation	1
The Congo Crisis — <i>N. Opačić</i>	3
G. A. T. T. Faces New Problems — <i>Nenad Popović</i>	4
The Legal Aspect of Co-Existence — <i>Dr. Milan Bartoš</i>	5
Problems of South Asia — <i>Aleš Bebler</i>	8
General de Gaulle's European Ideas — <i>L. Erven</i>	10
Increased Exchange of Goods Between East and West — <i>Ljubiša Adamović</i>	13
Development of Credit Policy and Banking Organization — <i>Zoran Polič</i>	15
Excerpts from President Tito's Statement	18
Meetings and Talks	23
Negotiations and Agreements	23
News in Brief	23

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